

ORIGINAL

OPEN MEETING



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MEMORANDUM  
RECEIVED

TO: THE COMMISSION

2007 AUG 30 P 3:28

FROM: Utilities Division

AZ CORP COMMISSION  
DOCKET CONTROL

DATE: August 30, 2007

RE: RECOMMENDED OPINION AND ORDER AUTHORIZING PURCHASED POWER ADJUSTMENT MECHANISM ("PPAM") RATES CHANGE FOR THE ARIZONA WATER COMPANY'S OVERGAARD, SEDONA, PINEWOOD, AND RIMROCK WATER SYSTEMS (DOCKET NO. W-01445A-07-0436)

Arizona Water Company ("Company") is an Arizona corporation engaged in the business of providing water utility service pursuant to Certificate of Convenience and Necessity granted by this Commission.

On July 24, 2007, the Company submitted an application regarding its Tariff AM-253 designed to reflect changes in its Purchased Power Adjustment Mechanism ("PPAM") for its Overgaard, Sedona, Pinewood, Rimrock water systems.

Decision No. 64282, dated December 28, 2001 authorized a \$0.000 PPAM rate for the Rimrock water system.

Decision No. 65045, dated July 24, 2002, authorized PPAM rates for the Lakeside and Overgaard water system of negative \$0.027 and negative \$0.014, respectively.

Decision No. 65543, dated January 23, 2003, authorized a negative \$0.001 PPAM rate for the Pinewood and Sedona water systems.

Decision No. 67070, dated June 24, 2004, authorized PPAM rates for the Lakeside, Overgaard, Pinewood, and Rimrock water systems at negative \$0.011, \$0.000, negative \$0.002 and negative \$0.001, respectively.

All PPAM rates apply to "per one hundred gallons sold".

The Company's filing would change the rates per one hundred gallons sold under the PPAM tariff at this time as shown below:

Arizona Corporation Commission

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THE COMMISSION

August 30, 2007

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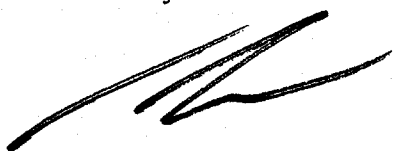
	<u>PPAM</u>	<u>Change</u>	<u>New PPAM</u>
Overgaard	-0.000	\$0.001	\$0.001
Sedona	-\$0.001	\$0.005	\$0.004
Pinewood	-\$0.002	\$0.010	\$0.008
Rimrock	-\$0.001	\$0.004	\$0.003

Staff has reviewed Arizona Water Company's filing and agrees the calculations are accurate and comply with the methodology set forth in the Company's tariff.

Therefore, Staff recommends that the Commission authorize Arizona Water Company to change its PPAM rate for Overgaard, Sedona, Pinewood, and Rimrock systems.

Staff further recommends the Company notify customers of the change in the PPAM rate 30 days prior to the change takes effect.

Staff further recommends the Company file tariff pages consistent with this Decision within 30 days from the date of this order.

  
Ernest G. Johnson  
Director  
Utilities Division  
EGJ:BCA:lhbm\CH

Originator: Brendan C. Aladi

ARIZONA WATER COMPANY  
 SCHEDULE OF STAFF RECOMMENDED  
 PURCHASED POWER ADJUSTMENT MECHANISM  
 APPLICATION DATED July 27, 2007  
 Docket No. W-01445A-07-0436

SYSTEM LOCATION	Test Year Costs 12/31/1999	Costs With Current Rates in Effect	Required Pass-Thru. Amount	Test Year Gallons Pumped in Hundreds	Required Pass Thru Per 100 Gallons	Cumulative Prior PPAM	Company Proposed PPAM per 100 Gallons	Staff Recommended PPAM Per 100 Gallons	Change In PPAM
Lakeside	\$141,277.32	\$114,890.35	-\$26,386.97	2,390,690	-\$0.011	-\$0.011	-\$0.011	-\$0.011	\$0.000
Overgaard	\$39,437.03	\$40,476.61	\$1,039.58	895,190	\$0.001	-	\$0.001	\$0.001	\$0.001
Sedona	\$319,089.00	\$356,176.16	\$37,087.16	9,191,070	\$0.004	-\$0.001	\$0.004	\$0.004	\$0.005
Pinewood	\$50,239.34	\$56,183.35	\$5,944.01	771,080	\$0.008	-\$0.002	\$0.008	\$0.008	\$0.010
Rimrock	\$18,846.92	\$21,776.08	\$2,929.16	877,600	\$0.003	-\$0.001	\$0.003	\$0.003	\$0.004
	<u>\$568,889.61</u>	<u>\$589,502.55</u>	<u>\$20,612.94</u>						

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**BEFORE THE ARIZONA CORPORATION COMMISSION**

MIKE GLEASON  
Chairman  
WILLIAM A. MUNDELL  
Commissioner  
JEFF HATCH-MILLER  
Commissioner  
KRISTIN K. MAYES  
Commissioner  
GARY PIERCE  
Commissioner

IN THE MATTER OF THE APPLICATION  
OF ARIZONA WATER COMPANY FOR  
APPROVAL OF A TARIFF FILING TO  
REFLECT CHANGES DUE TO THE  
PURCHASED POWER ADJUSTMENT  
MECHANISM FOR ITS OVERGAARD,  
SEDONA, PINEWOOD AND RIMROCK  
WATER SYSTEMS

DOCKET NO. W-01445A-07-0436  
DECISION NO. \_\_\_\_\_  
ORDER

Open Meeting  
September 18 and 19, 2007  
Phoenix, Arizona

**BY THE COMMISSION:**

Having considered the entire record herein and being fully advised in the premises, the Commission finds, concludes, and orders that:

FINDINGS OF FACT

1. Arizona Water Company ("Company") is an Arizona corporation engaged in the business of providing water utility service pursuant to Certificate of Convenience and Necessity granted by this Commission.

2. On July 24, 2007, the Company submitted an application regarding its Tariff AM-253 designed to reflect changes in its Purchased Power Adjustment Mechanism ("PPAM") for its Overgaard, Sedona, Pinewood, Rimrock water systems.

3. Decision No. 64282, dated December 28, 2001, authorized the PPAM rate for the Rimrock water system be set at \$0.000.

...

4. Decision No. 65045, dated July 24, 2002, authorized the PPAM rate for the Lakeside and Overgaard water systems be set at negative \$0.027 and negative \$0.014, respectively.

5. Decision No. 65543, dated January 23, 2003, authorized the PPAM rate for the Pinewood and Sedona water systems be set at negative \$0.001.

6. Decision No. 67070, dated June 25, 2004, authorized the PPAM rate for the Lakeside, Overgaard, Pinewood, and Rimrock water systems be set at negative \$0.006, negative \$0.011, \$0.000, negative \$0.002 and negative \$0.001, respectively.

7. All PPAM rates apply to "per one hundred gallons sold".

8. The proposed modification in the Company's tariff being filed at this time will result in the following increase per one hundred gallons sold:

	<u>Old PPAM</u>	<u>Change</u>	<u>New PPAM</u>
Overgaard	\$0.000	\$0.001	\$0.001
Sedona	-\$0.001	\$0.005	\$0.004
Pinewood	-\$0.002	\$0.010	\$0.008
Rimrock	-\$0.001	\$0.004	\$0.003

9. Staff has reviewed Arizona Water Company's filing and agrees the calculations are accurate and comply with the methodology set forth in the Company's tariff.

10. Staff recommends that the Commission authorize Arizona Water Company to change its PPAM rate for Overgaard, Sedona, Pinewood, and Rimrock systems.

11. Staff further recommends the Company notify customers of the change in the PPAM rate 30 days prior to the change takes effect.

12. Staff further recommends the Company file tariff pages consistent with this Decision within 30 days from the date of this order.

#### CONCLUSIONS OF LAW

1. The Arizona Water Company is a public water service corporation within the meaning of Article XV of the Arizona Constitution and A.R.S. §§40-250 and 40-252.

2. The Commission has jurisdiction over the Company and of the subject matter of the application.

1           3.       The Commission, having reviewed the application and Staff's Memorandum dated  
2 August 30, 2007, concludes that Arizona Water Company's PPAM rate should be changed for its  
3 Overgaard, Sedona, Pinewood, and Rimrock as discussed herein.

4                               ORDER

5           IT IS THEREFORE ORDERED that Arizona Water Company is authorized to implement  
6 PPAM rate changes for its Overgaard, Sedona, Pinewood, and Rimrock systems as shown in  
7 Finding of Fact No. 9.

8           IT IS FURTHER ORDERED that Arizona Water Company notify its customers of the  
9 change in the Purchased Power Adjustment Mechanism rate 30 days prior to the change becoming  
10 effective, but no later than 30 days after the effective date of this Decision.

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1 IT IS FURTHER ORDERED that Arizona Water Company docket, as a compliance matter  
2 in this case, tariff pages consistent with this Decision within 30 days of the effective date of this  
3 order.

4 IT IS FURTHER ORDERED that this Decision becomes effective immediately.

5  
6 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

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9 CHAIRMAN

COMMISSIONER

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12 COMMISSIONER

COMMISSIONER

COMMISSIONER

13 IN WITNESS WHEREOF, I DEAN S. MILLER, Interim  
14 Executive Director of the Arizona Corporation Commission,  
15 have hereunto, set my hand and caused the official seal of  
16 this Commission to be affixed at the Capitol, in the City of  
17 Phoenix, this \_\_\_\_\_ day of \_\_\_\_\_, 2007.

18  
19 \_\_\_\_\_  
20 DEAN S. MILLER  
Interim Executive Director

21 DISSENT: \_\_\_\_\_

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23 DISSENT: \_\_\_\_\_

24 EGJ:BCA:lh\CH  
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1 SERVICE LIST FOR: ARIZONA WATER COMPANY  
2 DOCKET NO. W-01445A-07-0436

3 Mr. William M. Garfield  
4 President  
5 Arizona Water Company  
6 3805 North Black Canyon Highway  
7 Phoenix, Arizona 85015

8 Mr. Ernest G. Johnson  
9 Director, Utilities Division  
10 Arizona Corporation Commission  
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13 Mr. Christopher C. Kempley  
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